

**CEDAR CREEK TOWNSHIP  
MUSKEGON COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2005**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Cedar Creek Township</b>	County <b>Muskegon</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/6/05</b>	Date Accountant Report Submitted to State: <b>7/13/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

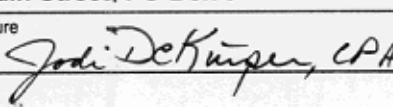
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hendon &amp; Slate, P.C.</b>			
Street Address <b>711 West Main Street, PO Box 9</b>	City <b>Fremont</b>	State <b>MI</b>	ZIP <b>49412</b>
Accountant Signature 		Date <b>7/13/05</b>	

**CEDAR CREEK TOWNSHIP**  
Board Members

Supervisor	James Muston
Clerk	Lorraine Hawkins
Treasurer	Sharon Ackerman
Trustee	William Carpenter
Trustee	Tony Crosser

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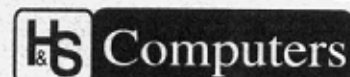


# HS & Companies



**Hendon & Slate, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



June 6, 2005

Township Board  
Cedar Creek Township  
6556 Sweeter Road  
Twin Lake, MI 49457

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Creek Township, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cedar Creek Township, Michigan, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cedar Creek Township, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, Cedar Creek Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 23, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cedar Creek Township, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hendon & Slate, P.C.*

Hendon & Slate, P.C.

Certified Public Accountants

**CEDAR CREEK TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
March 31, 2005**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**The Township as a Whole**

The Township's combined net assets increased 1% from a year ago - increasing from \$591,674 to \$597,273. This was the result of an increase in the permits for new building in the Township, as well as, increased taxes and franchise fees during the year (due to the overpayment last year, partially applied to this year). In a condensed format, the table below shows key financial information (in future years, when prior year information is available, a comparative analysis of government wide data will be presented):

	<u>Governmental Activities</u>
Current Assets	\$ 366,158
Noncurrent Assets	<u>234,285</u>
Total Assets	<u>\$ 600,443</u>
Long-Term Debt Outstanding	\$ -
Other Liabilities	<u>3,170</u>
Total Liabilities	<u>\$ 3,170</u>
Net Assets	
Invested in Capital Assets-Net of Debt	\$ 234,285
Unrestricted	<u>362,988</u>
Total Net Assets	<u>\$ 597,273</u>

Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$9,606 for the governmental activities. This represents an increase of approximately 2.7%.

	<u>Governmental Activities</u>
Program Revenues	
Charges for Services	\$ 64,480
General Revenues	
Property Taxes	65,647
State Shared Revenues	221,225
Investment Earnings	6,793
Miscellaneous	<u>25,487</u>
Total Revenues	383,632



## Management's Discussion and Analysis (Continued)

	Governmental Activities
Program Expenses	
Legislative	\$ 54,751
General Government	98,544
Public Safety	135,197
Public Works	30,912
Recreation & Culture	3,255
Unallocated Expenses	44,098
Unallocated Depreciation	<u>11,276</u>
Total Expenses	<u>378,033</u>
Change in Net Assets	<u>\$ 5,599</u>

The Township's total net assets continue to remain healthy. The total revenues grew significantly and expenses decreased. As a result, net assets grew by \$5,599.

### **Governmental Activities**

The Township's total governmental revenues increased by approximately \$37,500, primarily due to increased permit fee collections. The second largest increase, compared to the prior year, was property taxes, due to the regular increases in property tax values and other taxes collected. Franchise fees collected also resulted in increased revenue, reflecting revenue collected last year for the current year.

Expenses decreased by almost \$15,000 during the year. This was primarily the result of lower attorney fees this year, lower cost of Cops In School program, no planning department and a capital project last year for recreation and culture not in this year.

### **Business-Type Activities**

The Township had no business-type activities.

### **The Township's Fund**

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's only major fund for 2005 was the General Fund.

The General Fund pays for all of the Township's governmental services. About one-third of the General Fund expenditures are made up of public safety (\$135,197) which is largely made up of Fire Protection (\$82,476 or about 60%). About 40% of the General Fund expenditures are made up of legislative and general government expenditures, amounting to \$55,370 and \$103,891, respectively. Legislative expenditures includes the township board and clerical staff. General government expenditures are mainly the township officers (supervisor, clerk, and treasurer), the assessor and the costs related to the hall.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board amended the budget to take into account events during the year. The Board approved amendments resulted in an increase in one activity with a decrease in another activity. The most significant amendment was to increase the inspections department due to an increase in new homes which caused an increase in expenses (this also resulted in



an increase in actual permit revenue which was not amended). Insurance & Bonds and Employee Benefits were also amended for an increase in the original expected expense due to paying two year's premiums during the current fiscal year to change the premium date. Both significant amendments to expenditures were taken from the contingency budget line.

**Capital Asset and Debt Administration**

At the end of 2005, the Township had \$336,000 invested in a broad range of capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Muskegon County Road Commission (along with the responsibility to maintain them).

**Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2006 calls for a small increase in property taxes due to the limits allowed for property value increases (the lesser of inflation or 5%). The Township also projects that State Shared Revenue will decrease about 1% compared with a 4% decrease experienced during 2004-05. General Fund expenditures were budgeted for 2% less than the previous budget. The Legislative Expenses and Cops in Schools program expenses were decreased to reflect an estimate based on last year's actual expenses. The Township is considering the collection of Property Tax Administrative Fees (PTAF) for next year of ½% to 1% of Property Taxes collected. The estimated increase in revenue would be from \$8,500 to \$16,900. However, this has not been reflected in the 2005-2006 originally adopted budget.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# CEDAR CREEK TOWNSHIP

## Government Wide Statement of Net Assets March 31, 2005

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 353,638
Accounts Receivable	12,173
Due from Fiduciary Funds	347
Property and Equipment	336,112
Accumulated Depreciation	<u>(101,827)</u>
Total Assets	\$ 600,443
<b>LIABILITIES</b>	
Accounts Payable	1,771
Accrued Pension Costs	<u>1,399</u>
Total Liabilities	<u>3,170</u>
<b>NET ASSETS</b>	
Invested in Capital Assets Net of Related Debt	234,285
Unrestricted	<u>362,988</u>
Total Net Assets	<u><u>\$ 597,273</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# CEDAR CREEK TOWNSHIP

Government Wide Statement of Activities  
For the Fiscal Year Ended March 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenue And Changes in Net Assets Governmental Activities</u>
Primary Government			
Legislature	\$ 54,751	\$ -	\$ (54,751)
General Government	98,544	-	(98,544)
Public Safety	135,197	50,389	(84,808)
Public Works	30,912	14,091	(16,821)
Recreation and Culture	3,255	-	(3,255)
Unallocated	44,098	-	(44,098)
Depreciation	<u>11,276</u>	<u>-</u>	<u>(11,276)</u>
Total Primary Government	<u>\$378,033</u>	<u>\$ 64,480</u>	<u>\$ (313,553)</u>

General Revenues	
Property Taxes - Levied for General Purpose	\$ 65,647
State Shared Revenue	221,225
Interest Income	6,793
Miscellaneous	<u>25,487</u>
Total General Revenues	<u>319,152</u>
Change in Net Assets	5,599
Net Assets - April 1, 2004	<u>591,674</u>
Net Assets - March 31, 2005	<u>\$ 597,273</u>

The Notes to the Financial Statements are an integral part of this statement.

# CEDAR CREEK TOWNSHIP

## Governmental Fund Balance Sheet March 31, 2005

	General Fund
<b>ASSETS</b>	
Cash	\$ 353,638
Accounts Receivable	12,173
Due from Other Funds	<u>347</u>
Total Assets	<u><u>\$ 366,158</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,771
Accrued Pension Costs	<u>1,399</u>
Total Liabilities	3,170
<b>FUND BALANCES</b>	
Unrestricted	<u>362,988</u>
Total Fund Balance	<u><u>362,988</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 366,158</u></u>

The Notes to the Financial Statements are an integral part of this statement.



## CEDAR CREEK TOWNSHIP

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Fiscal Year Ended March 31, 2005

Total Governmental Fund Balances	\$ 362,988
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	336,112
Governmental Accumulated Depreciation	<u>(101,827)</u>

Total Net Assets - Governmental Activities:	<u>\$ 597,273</u>
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The Notes to the Financial Statements are an integral part of this statement.

## CEDAR CREEK TOWNSHIP

### Governmental Fund Statements of Revenue, Expenditures and Changes in Fund Balance For the Fiscal Year Ended March 31, 2005

	<u>General Fund</u>
<b>Revenues</b>	
Property Taxes	\$ 65,647
Licenses and Permits	48,639
State Grants	221,225
Charges for Services	14,091
Interest	6,793
Miscellaneous	<u>27,222</u>
Total Revenues	383,617
<b>Expenditures</b>	
Legislative	55,370
General Government	103,891
Public Safety	135,197
Public Works	30,912
Recreation and Culture	4,560
Unallocated	44,098
Contingency	<u>-</u>
Total Expenditures	<u>374,028</u>
Excess Revenues Over (Under) Expenditures	9,589
Other Financing Sources (Uses)	
Sale of Fixed Assets	<u>15</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	9,604
Fund Balance - April 1	<u>353,384</u>
Fund Balance - March 31	<u>\$ 362,988</u>

The Notes to the Financial Statements are an integral part of this statement.

## CEDAR CREEK TOWNSHIP

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ 9,604
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Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities:

Capital outlay reported in governmental fund statements	8,568		
Capital outlay reported as expenses in statement of activities	(1,297)		
Depreciation expense reported in the statement of activities	<u>(11,276)</u>		<u>(4,005)</u>

Changes in Net Assets - Governmental Activities	\$ <u>5,599</u>
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The Notes to the Financial Statements are an integral part of this statement.

# **CEDAR CREEK TOWNSHIP**

## **Statement of Net Assets - Fiduciary Funds March 31, 2005**

	<u>Tax Fund</u>	<u>Trust &amp; Agency Fund</u>
<b>ASSETS</b>		
Cash	<u>\$ 347</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Due to Other Funds	\$ 347	\$ -
Due to Other Units	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 347</u>	<u>\$ -</u>

The Notes to the Financial Statements are an integral part of this statement.



## CEDAR CREEK TOWNSHIP

### Notes to the Financial Statements For the Fiscal Year Ended March 31, 2005

#### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cedar Creek Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Cedar Creek Township:

In fiscal year 2005, the Township adopted GASB Statement No. 34, "*Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*." GASB Statement No. 34 requires new basic financial statements for reporting on the Township's financial activities. The effect of this change was to include management's discussion and analysis and include the government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information on major funds, rather than by fund type.

##### A. Reporting Entity

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

##### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

- C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
- The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

1. Property Taxes Receivable

The Township property tax is levied on each December 1<sup>st</sup> on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31<sup>st</sup>. The taxes are due on September 14<sup>th</sup> and February 14<sup>th</sup>, with the final collection date of February 28<sup>th</sup> before they are added to the County tax rolls. The 2004 delinquent taxes of \$12,173 were received in June 2005, thus taxes receivable have been recorded.



## Notes to the Financial Statements (Continued)

The 2004 taxable valuation of the Township totaled \$56,535,335 on which ad valorem taxes levied consisted of .9583 mills for general operating. The Township also collected special assessment property taxes for road paving which raised \$8,627. These amounts are recognized in the respective general fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

### D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## Notes to the Financial Statements (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	20 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
General Equipment	5 to 10 years
Land Improvements	15 to 20 years

Salvage value is estimated at 10% of cost.

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit incurred no expenditures in budgeted funds which were materially in excess of the amounts appropriated.

### NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers'



acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designed two banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CD's, bankers' acceptances of United States banks, and mutual funds under the Investment Company Act of 1940, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>	Total Primary <u>Government</u>
Cash and Cash Equivalents	\$ 353,638	\$ 347	\$ 353,985

The bank balance of the Township's deposits is \$362,900, of which \$65,547 is covered by federal depository insurance, and \$297,353 is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are normally categorized to give an indication of the level of risk assumed by the Township; however, cash management funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Depositories actively used by the Township during the year are detailed as follows:

1. National City Bank

#### NOTE D RECEIVABLES

Receivables as of year-end for the Township's individual major fund, and the fiduciary fund in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

Notes to the Financial Statements (Continued)

	General Fund
Special Assessments	\$ 6,189
Property Tax Receivable	<u>5,984</u>
Net Receivables	<u>\$ 12,173</u>

NOTE E CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 68,600	\$ -	\$ -	\$ 68,600
Capital Assets Being Depreciated				
Buildings	173,725	-	-	173,725
Land Improvements	54,946	1,305	-	56,251
General Equipment	<u>35,293</u>	<u>5,966</u>	<u>3,723</u>	<u>37,536</u>
Subtotal	263,964	7,271	3,723	267,512
Less Accumulated Depreciation for				
Buildings	66,775	5,491	-	72,266
Land Improvements	11,538	2,774	-	14,312
General Equipment	<u>15,961</u>	<u>3,011</u>	<u>3,723</u>	<u>15,249</u>
Subtotal	<u>94,274</u>	<u>11,276</u>	<u>3,723</u>	<u>101,827</u>
Net Capital Assets Being Depreciated	<u>181,990</u>	<u>(4,005)</u>	<u>-</u>	<u>177,985</u>
Total Governmental Activities Capital Capital Assets - Net of Depreciation	<u>\$ 238,290</u>	<u>\$ (4,005)</u>	<u>\$ -</u>	<u>\$ 234,285</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
Unallocated	\$11,276

NOTE F INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund (Due From)	Amount	Payable Fund (Due To)	Amount
General Fund	\$ 347	Tax Account	\$ 347

Interfund Transfers - None

NOTE G RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE H EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

The Township provides pension benefits to all of its elected officials and clerical employees who worked at least sixteen hours per week through a defined contribution plan administered by Manufacturers Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate on April 1<sup>st</sup> of each year. As established by the Township Board, the plan is funded by participants to the extent they elect to defer a minimum of their compensation into the plan, and by a matching contribution from the Township. The Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately upon deposit of the contribution by the Township. The Township's current year pension cost was \$18,796. The Township paid \$18,432 during the year, including participant fees. In addition, \$3,725 was paid into the plan by the employees in the current year. The contribution is 75% of \$600 for the first \$2,500 of compensation plus 75% of \$100 for each additional \$500 of compensation. Covered payroll for the current year is \$78,421, and total payroll of the Township is \$157,237.

NOTE I PERMITS

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Beginning Excess Costs Over Fees Collected	\$ (14,252)
Fees Collected 2005	48,564
Wages, Professional Fees and Other Expenses	<u>(49,313)</u>
Excess Costs Over Fees Collected	<u>\$ (15,001)</u>



# CEDAR CREEK TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for the General Fund For the Year Ended March 31, 2005

	Budgeted Amounts			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year				
Fund Balance	\$ 288,332	\$ 288,332	\$ 353,384	\$ 65,052
Budget Stabilization Fund	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total Fund Balance	363,332	363,332	353,384	(9,948)
Revenues				
Taxes	55,850	55,850	65,647	9,797
Licenses and Permits	30,000	30,000	48,639	18,639
State Grants	226,400	226,400	221,225	(5,175)
Charges for Services	15,000	15,000	14,091	(909)
Interest and Other	<u>17,650</u>	<u>17,650</u>	<u>34,015</u>	<u>16,365</u>
Total Revenue	344,900	344,900	383,617	38,717
Expenditures				
Legislative	65,420	65,380	55,370	10,010
General Government	114,690	114,730	103,891	10,839
Public Safety	147,150	157,650	135,197	22,453
Public Works	71,370	71,370	30,912	40,458
Recreation and Culture	7,000	7,000	4,560	2,440
Unallocated	48,000	52,500	44,098	8,402
Contingency	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>468,630</u>	<u>468,630</u>	<u>374,028</u>	<u>94,602</u>
Excess Revenue Over (Under) Expenditures	(123,730)	(125,730)	9,589	133,319
Other Sources (Uses)				
Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
Excess Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>(123,730)</u>	<u>(123,730)</u>	<u>9,604</u>	<u>133,334</u>
Ending Year				
Fund Balance	164,602	164,602	362,988	198,386
Budget Stabilization Fund	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total Ending Fund Balances	<u>\$ 239,602</u>	<u>\$ 239,602</u>	<u>\$ 362,988</u>	<u>\$ 123,386</u>



# CEDAR CREEK TOWNSHIP

## Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Fiscal Year Ended March 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes			
Current Real Property	\$ 52,000	\$ 54,580	\$ 2,580
Trailer Fees	1,550	1,498	(52)
Other Taxes	<u>2,300</u>	<u>9,569</u>	<u>7,269</u>
	55,850	65,647	9,797
Licenses and Permits			
Business		75	
Non-Business		<u>48,564</u>	
	30,000	48,639	18,639
State Grants			
State Shared Revenue	220,000	214,600	(5,400)
Summer Tax Reimbursement	4,200	4,270	70
Metro Fees	<u>2,200</u>	<u>2,355</u>	<u>155</u>
	226,400	221,225	(5,175)
Charges for Services			
Dump Collection Fees and Other		12,932	
Fees		762	
Sale of Ordinance Books		<u>397</u>	
	15,000	14,091	(909)
Other			
Fines/Franchise Fees	15,000	22,879	7,879
Interest	2,000	6,793	4,793
Manistee Forest PILT	650	585	(65)
Reimbursements	-	1,305	1,305
Other	<u>-</u>	<u>2,453</u>	<u>2,453</u>
	<u>17,650</u>	<u>34,015</u>	<u>16,365</u>
<b>Total Revenues</b>	<b>344,900</b>	<b>383,617</b>	<b>38,717</b>
 <b>EXPENDITURES</b>			
Legislative			
Township Board			
Salaries and Wages		10,370	
Professional Services		10,863	
Supplies		5,164	
Printing and Publishing		3,729	
Dues and Education		5,117	
Transportation		562	
Community Promotions		\$ 16	

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Township Board (Continued)			
Capital Outlay		\$ 650	
Miscellaneous		<u>1,204</u>	
	\$ 47,177	37,675	\$ 9,502
Clerical Staff	<u>18,203</u>	<u>17,695</u>	<u>508</u>
Total Legislative	65,380	55,370	10,010
General Government			
Township Supervisor			
Salaries and Wages		16,513	
Transportation		608	
Education and Training		<u>1,022</u>	
	19,150	18,143	1,007
Clerk			
Salaries and Wages		17,749	
Transportation		1,059	
Education and Training		<u>1,152</u>	
	21,190	19,960	1,230
Board of Review			
Salaries and Wages		<u>1,182</u>	
	2,100	1,182	918
Treasurer			
Salaries and Wages		17,649	
Education and Training		786	
Transportation		1,299	
Supplies		665	
Summer Salaries		<u>874</u>	
	22,830	21,273	1,557
Elections			
Salaries and Wages		2,228	
Transportation		378	
Supplies		295	
Other		<u>100</u>	
	\$ 3,100	\$ 3,001	\$ 99

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Assessor			
Salaries and Wages		\$ 15,888	
Deputy Assessor		39	
Education and Training		580	
Supplies		<u>26</u>	
	\$16,460	16,533	\$ (73)
Township Hall			
Salaries and Wages		6,147	
Supplies		744	
Utilities		5,946	
Capital Outlay		5,347	
Computer		3,935	
Contracted Services		<u>1,299</u>	
	29,500	23,418	6,082
Cemetery			
Salaries and Wages	<u>400</u>	<u>381</u>	<u>19</u>
Total General Government	114,730	103,891	10,839
Public Safety			
Fire Fighting			
Contracted Services		<u>82,476</u>	
	94,000	82,476	11,524
Inspection - Building			
Other Salaries		15,826	
Supplies		2,921	
Education		<u>145</u>	
	26,500	18,892	7,608
Inspection - Plumbing/Mechanical			
Salaries & Wages	11,500	16,895	(5,395)
Inspection - Electrical			
Salaries & Wages	\$ 5,000	\$ 5,766	\$ (766)



Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Planning Department			
Salaries and Wages		\$ -	
	5,000	-	5,000
Farmland/Open Space Preservation	450	-	450
Master Plan/Consulting Fees	800	-	800
Property Tax Maps/Area Wide Plan	<u>500</u>	<u>-</u>	<u>500</u>
	1,750	-	1,750
Board of Appeals			
Salaries and Wages		2,163	
Transportation		<u>31</u>	
	400	2,194	(1,794)
Cops In Schools			
Professional Services	6,000	2,543	3,457
Zoning Administrator			
Salaries and Wages	<u>7,500</u>	<u>6,431</u>	<u>1,069</u>
Total Public Safety	157,650	135,197	22,453
Public Works			
Roads Maintenance		9,667	
Street Lights		<u>129</u>	
	47,120	9,796	37,324
Transfer Station			
Salaries and Wages		4,297	
Contracted Services		15,683	
Supplies and Bonds		<u>1,136</u>	
	<u>24,250</u>	<u>21,116</u>	<u>3,134</u>
Total Public Works	71,370	30,912	40,458
Recreation and Culture			
Supplies		154	
Capital Outlay		2,571	
Other		<u>1,835</u>	
	\$ 7,000	\$ 4,560	\$ 2,440

Statement of Revenue, Expenditures and Changes in  
Fund Balance - Budget and Actual - General Fund  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Unallocated			
Employees Fringe Benefits			
Pension		\$ 18,796	
Other Employee Benefits		5,611	
Payroll Taxes		11,659	
Other		<u>24</u>	
	36,000	36,090	(90)
Capital Expenditures	6,000	-	6,000
Insurance and Bonds	<u>10,500</u>	<u>8,008</u>	<u>2,492</u>
Total Unallocated	<u>52,500</u>	<u>44,098</u>	<u>8,402</u>
Total Expenditures	<u>468,630</u>	<u>374,028</u>	<u>94,602</u>
Excess Revenues Over (Under) Expenditures	(123,730)	9,589	133,319
Other Financing Sources			
Sale of Fixed Assets	<u>-</u>	<u>15</u>	<u>15</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(123,730)	9,604	133,334
Fund Balance - April 1	<u>363,332</u>	<u>353,384</u>	<u>(9,948)</u>
Fund Balance - March 31	<u>\$ 239,602</u>	<u>\$ 362,988</u>	<u>\$ 123,386</u>

# CEDAR CREEK TOWNSHIP

## Combining Balance Sheet - All Trust and Agency Funds March 31, 2005

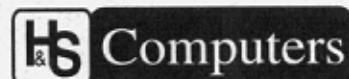
	Tax Collection <u>Fund</u>	Trust and Agency <u>Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	<u>\$ 347</u>	<u>\$ -</u>	\$ 347
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Due to Other Funds	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 347</u>
Total Liabilities	347	-	347
Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 347</u>



# HS & Companies



**Hendon & Slate, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



June 27, 2005

Township Board  
Cedar Creek Township  
Muskegon County, Michigan

Dear Board Members:

In connection with our audit of Cedar Creek Township as of and for the year ended March 31, 2005, we offer the following comments and recommendations.

## **BOOKS AND RECORDS**

As usual, the records of Cedar Creek Township were in excellent condition and both the Clerk and Treasurer should be commended. We did note, however, a few instances where account numbers were different than the State Chart of Accounts. We recommend that the Township compare the accounting system with the State Chart of Accounts and make corrections as necessary.

## **GASB 34**

This was the first year that your financial statements were prepared using the GASB 34 guidance. As you can see the financial statements include new reports as well as reports which are similar to prior financial statements. The Management Discussion and Analysis is a great tool for summarizing the status of the Township.

If any of you board members have questions or concerns regarding our audit, the financial statements or this letter, please do not hesitate to call.

Thank you for the courtesy extended to us during our audit. We look forward to continuing to serve Cedar Creek Township.

Respectfully submitted,

*Jodi DeKuiper, CPA*

Jodi DeKuiper, CPA  
Hendon & Slate, P.C.

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